CUMBERLAND REGIONAL COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2011

NeuPath Group, PC Inc.
Chartered Accountants

Board of Directors
Cumberland Regional College
Nipawin, Saskatchewan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Cumberland Regional College, which comprise the statement of financial position as at June 30, 2011, and the statement of operations, statement of changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statements in accordance with generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Cumberland Regional College as at June 30, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

September 27, 2011
Nipawin, Saskatchewan

NeuPath Group
Chartered Accountants

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2011
Statement 1

	Operating Fund	Capital Fund	2011 Total	2010 Total
ASSETS				
Current Assets				
Cash	$ 2,923,033	$ 1,660,104	$ 4,583,137	$ 8,607,241
Accounts receivable (note 3)	355,589	-	355,589	731,361
Prepaid expenses	68,620	-	68,620	33,411
	3,347,242	1,660,104	5,007,346	9,372,013
Capital assets (note 4)	-	6,633,004	6,633,004	1,504,389
	$ 3,347,242	$ 8,293,108	$ 11,640,350	$ 10,876,402
LIABILITIES				
Current Liabilities				
Accrued salaries and benefits	$ 166,524	$ -	$ 166,524	$ 161,779
Accounts payable and accrued liabilities (note 6)	290,723	-	290,723	180,229
Unearned revenue (note 7)	1,284,853	-	1,284,853	693,985
	1,742,100	-	1,742,100	1,035,992
NET ASSETS				
Invested in capital assets	-	6,633,004	6,633,004	1,504,389
Externally restricted (note 8)	-	1,274,696	1,274,696	6,883,076
Internally restricted (note 9)	1,355,142	385,408	1,740,550	1,224,945
Unrestricted	250,000	-	250,000	228,000
	1,605,142	8,293,108	9,898,250	9,840,410
	$ 3,347,242	$ 8,293,108	$ 11,640,350	$ 10,876,402

APPROVED ON BEHALF OF THE BOARD

Director

Leslie Paisley *Director*

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011
Statement 2

	Operating Fund			Capital Fund		Total	
	2011 Budget (Note 11)	2011	2010	2011	2010	2011	2010
Revenues (Schedule 1)							
Provincial Government	$ 4,666,144	$ 4,996,790	$ 5,344,551	$ 96,829	$ 5,452,760	$ 5,093,619	$10,797,311
Federal Government	146,058	97,892	131,551	-	-	97,892	131,551
Other revenue	2,790,538	2,918,976	1,560,737	42,515	21,410	2,961,490	1,582,148
	7,602,740	8,013,657	7,036,840	139,343	5,474,170	8,153,001	12,511,010
Expenses (Schedule 2)							
Agency contracts	1,465,759	1,510,362	1,327,214	-	-	1,510,362	1,327,214
Amortization	-	-	-	200,490	138,756	200,490	138,756
Equipment	186,308	544,349	167,887	-	-	544,349	167,887
Facilities	358,896	245,788	267,586	-	-	245,788	267,586
Information technology	95,655	36,114	52,331	-	-	36,114	52,331
Operating (Schedule 3)	906,056	821,561	705,709	-	-	821,561	705,709
Personnel services	4,590,066	4,736,497	4,161,784	-	-	4,736,497	4,161,784
	7,602,740	7,894,670	6,682,511	200,490	138,756	8,095,160	6,821,267
Excess (deficiency) of revenues over expenses	$ -	$ 118,987	$ 354,329	$ (61,147)	$ 5,335,414	$ 57,840	$ 5,689,743

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
Statement 3

	2011				2010
	Invested in capital assets	Restricted	Unrestricted	Total	Total
Net assets, beginning of year	$ 1,504,389	$ 8,108,021	$ 228,000	$ 9,840,410	$ 4,150,667
Excess (deficiency) of revenues over expenses	(61,147)	-	118,987	57,840	5,689,743
Interfund transfers:					
Investment in capital assets	5,189,762	-	(5,189,762)	-	-
Internally imposed restrictions	-	515,605	(515,605)	-	-
Externally imposed restrictions	-	(5,608,380)	5,608,380	-	-
Net assets, end of year	$ 6,633,004	$ 3,015,246	$ 250,000	$ 9,898,250	$ 9,840,410

	Balance, beginning of the year	To Restricted	From Restricted	Balance, end of the year
Externally Restricted (Note 8)				
Ministry of Advanced Education, Employment & Immigration Capital Fundi	$ 6,883,076	$ 42,515	$(5,650,895)	$ 1,274,696
Internally Restricted (Note 9)				
Operations	-	130,000	-	130,000
Programs and services	-	502,935	-	502,935
Building operating/maintenance	-	300,000	-	300,000
Marketing	-	50,000	-	50,000
Professional development reserve	20,000	31,239	-	51,239
Human resource reserve	320,968	-	-	320,968
SCN/TEL transitional funding	200,000	-	(200,000)	-
SCN/TEL	94,977	-	(94,977)	-
Capital plan	-	385,408	-	385,408
Capital equipment reserve	289,000	-	(289,000)	-
Building capital reserve	300,000	-	(300,000)	-
	1,224,945	1,399,582	(883,977)	1,740,550
	$ 8,108,021	$ 1,442,097	$(6,534,872)	$ 3,015,246

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
Statement 4

	2011	2010
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses	$ 57,840	$ 5,689,743
Amortization of capital assets	200,490	138,756
Net change in non-cash working capital (note 10)	1,046,672	(280,051)
	1,305,002	5,548,448
Cash flows used in investing activities		
Purchase of capital assets	(5,329,105)	(739,015)
Net increase (decrease) in cash	(4,024,102)	4,809,434
Cash, beginning of year	8,607,241	3,797,807
Cash, end of year	$ 4,583,137	$ 8,607,241

See accompanying notes

1. PURPOSE AND AUTHORITY

The Cumberland Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act.* The College Board plays an integral part in strategic direction and management guidance.

The purpose of the College is to provide credit and non-credit classroom and vocation training to meet the needs of the regional constituents and industry. The Cumberland Regional College is exempt from the payment of income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board, the College is classified as a government not-for-profit organization. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to not-for-profit entities and include the following significant policies:

(a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specified activities or objectives.

(i) Operating Fund

The operating fund accounts for the College's program delivery, service and administrative activities.

(ii) Capital Fund

The capital fund reflects the net book value of all capital assets of the College after taking into consideration any associated long term debt. The capital fund also includes contributions, interest and donations designated for capital purposes by the contributor. Also included in the capital fund are the appropriations for future capital expenditures.

(b) Revenue recognition

The College follows the restricted fund method of accounting for contributions. Contributions related to general operations are recognized as revenue of the operating fund in the year that the related expenses are incurred. Contributions restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating contributions are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets costing under $500 are expensed in the current year. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows, and amortization is reported as an expense in the capital fund.

Buildings	5%
Leasehold improvements	5%
Furniture and equipment	10% to 33%
Vehicles	20%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Use of estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

(e) Cash

Cash is represented by cash on hand and balances with banks.

(f) Financial instruments

Effective July 1, 2007, the College adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 - Financial Instruments - Recognition and Measurement. Under these new standards, all financial assets and financial liabilities must be identified and classified. This classification determines how each financial instrument is measured.

The College's financial instruments and their classification are as follows:

Instrument	Classification
Cash	Held for trading
Accounts receivable	Loans and receivables
Short-term investments	Held for trading
Accrued salaries and benefits	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

Held for trading financial assets and liabilities are measured at fair value. Changes in the fair value are recognized in the Statement of Operations and Changes in Net Assets. Loans and receivables and other financial liabilities are measured at amortized cost. Due to their short term nature, the amortized cost of these instruments approximates their fair value.

Effective July 1, 2008, the College adopted CICA Handbook sections 3862 - Financial Instruments - Disclosures, and 3863 - Financial Instruments - Presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the College is exposed, and how the risks are managed by the College. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives.

(g) Future accounting policy

In September 2010, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook. Effective for fiscal years beginning on or after January 1, 2012, government not-for-profit organizations are directed to use either the public sector accounting standards or public sector accounting standards for government not-for-profit organizations. The College is currently assessing the appropriateness and potential impact of the change in accounting standards on its financial statements.

3. ACCOUNTS RECEIVABLE

	2011	2010
Ministry of Advanced Education, Employment and Immigration	$ 113,884	$ 356,504
Federal Government	58,332	40,124
Other	183,373	334,733
	$ 355,589	$ 731,361

4. CAPITAL ASSETS

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 1,373,935	$ 815,867	$ 558,068	$ 627,785
Leasehold improvements	36,459	14,583	21,876	87,740
Furniture and equipment	871,030	790,401	80,629	115,020
Vehicles	23,486	23,486	-	-
Construction in progress	5,972,430	-	5,972,430	673,845
	$ 8,277,341	$ 1,644,337	$ 6,633,004	$ 1,504,390

5. LEASE OBLIGATIONS

The College is committed under an annual term lease for office space at a minimum amount of $26,964 for the next fiscal year (exclusive of proportionate increases and additional occupancy costs – the lease is negotiated annually).

The College is committed under a lease for office space at a minimum amount of $27,000 for the next fiscal year.

The College is committed under a term lease for office equipment at the following minimum amounts for the next five fiscal years:

2012	$ 16,344
2013	16,344
2014	16,344
2015	8,905
2016	-

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011	2010
Provincial Government	$ 5,499	$ 6,354
Federal Government	83,318	20
Other	201,905	173,855
	$ 290,723	$ 180,229

7. UNEARNED REVENUE

Unearned revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	2011	2010
Ministry of Advanced Education, Employment and Immigration	$ 1,217,860	$ 662,474
Other	66,993	31,511
	$ 1,284,853	$ 693,985

8. EXTERNAL RESTRICTIONS ON NET ASSETS

The Ministry of Advanced Education, Employment and Immigration has funded $1,274,696 (2010 - $6,883,076) of designated capital contributions to be used for future capital expenditures as per Statement 3. These externally restricted amounts are not available for other purposes without approval of the Ministry of Advanced Education, Employment and Immigration.

9. INTERNAL RESTRICTIONS ON NET ASSETS

During the year the Board of Directors approved the transfer of $1,399,582 (2010 - $449,098) from unrestricted net assets to internally restricted net assets. The Board of Directors also approved the transfer of $883,977 (2010 - $253,233) from internally restricted net assets to unrestricted net assets.

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	2011	2010
Accounts receivable	$ 375,772	$ (175,743)
Prepaid expenses	(35,208)	(1,595)
Accounts payable and accrued liabilities and accrued salaries and benefits	115,239	4,300
Unearned revenue	590,868	(107,013)
	$ 1,046,672	$ (280,051)

11. BUDGET AMOUNTS

The budget amounts on these financial statements were prepared by Regional College Management and approved by the Board on May 25, 2010. The Minister approved the budget on July 28, 2010.

12. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown Agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

Related party expenses during the year were as follows:

	2011	2010
SaskEnergy	$ 11,896	$ 2,199
SaskPower	3,951	2,808
SaskTel and SaskTel Mobility	31,909	59,086
Saskatchewan Institute of Applied Science and Technology	1,191,223	370,873
Ministry of Government Services	151,949	81,223
University of Saskatchewan	102,855	23,388
University of Regina	26	-
	$ 1,493,809	$ 539,577

Other transactions with related parties are disclosed elsewhere in these financial statements and related notes.

13. FINANCIAL INSTRUMENTS RISKS

The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

14. EMPLOYEE FUTURE BENEFITS

Employees of the College participate in one of three pension plans. Teachers and other employees holding a teaching certificate participate in the Teachers' Superannuation Plan (TSP) or the Saskatchewan Teachers Retirement Plan (STRP) which are administered by the Teachers' Superannuation Commission and the Saskatchewan Teachers' Federation respectively. The Board has no financial obligation to TSP or STRP. Eligible employees contribute to TSP and STRP for their current service. No matching contribution is made by the College. The General Revenue Fund is responsible for the required employer contributions of STRP and for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is a multi-employer defined benefit plan.

The last actuarial valuaton of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $172,855 (2010 - $116,927).

15. COMMITMENTS

The College has entered into certain contracts for the construction of a new Nipawin campus facility. The total budget for construction of the facility is $7,490,000. As at June 30, 2011, $6,300,141 had been expended on the project.

16. CONTINGENT LIABILITY

A union representing employees of an employer unrelated to the College has applied by Notice of Motion for an order quashing puported decisions of the Municpal Employees Pension Plan, relating to the application of actuarial surplus in the fund, as well as other relief. Several participating employers, including the College, have been named. It is not possible to estimate the potential effect of the claim at this stage in the proceedings.

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2011
Schedule 1

	2011										
	General	Skills Training		Basic Education		University	Services			2011	2010
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	Total	Budget (Note 11)	Total
Provincial Government											
Ministry of Advanced Education, Employment and Immigration											
Operating grant	$ 1,999,529	$ -	$ -	$ -	$ -	$ -	$ 108,320	$ -	$ 2,107,849	$ 2,402,776	$ 2,138,032
Program payments	55,000	757,532	390,928	1,064,595	140,864	-	196,912	93,535	2,699,366	2,159,081	3,084,982
Other	-	-	363	23,515	49,022	-	9,009	-	81,908	104,287	59,209
	2,054,529	757,532	391,291	1,088,110	189,885	-	314,241	93,535	4,889,123	4,666,144	5,282,223
Other Provincial	35,183	-	-	50,568	-	-	21,917		107,668	-	62,329
	2,089,712	757,532	391,291	1,138,678	189,885	-	336,158	93,535	4,996,790	4,666,144	5,344,551
Federal Government											
Admin recovery	-	-	-	-	-	-	-	-	-	-	-
Seat purchases	-	-	-	-	-	-	-	-	-	-	-
Projects	-	-	-	-	97,892	-	-	-	97,892	146,058	-
Other	-	-	-	-	-	-	-	-	-	-	131,551
	-	-	-	-	97,892	-	-	-	97,892	146,058	131,551
Other Revenue											
Admin recovery	-	-	-	-	-	-	-	-	-	-	-
Contracts	-	1,579,230	244,906	264,454	-	9,674	(12,414)	-	2,085,849	1,603,188	487,993
Interest	49,677	-	-	-	-	-	-	-	49,677	14,000	13,427
Rents	459	-	-	-	-	-	-	-	459	-	1,005
Resale items	4,142	87,055	20,706	560	600	3,570	983	-	117,615	82,200	102,407
Tuition	-	276,060	340,109	-	571	4,407	8,211	-	629,358	1,079,550	925,351
Other	175	210	-	-	-	576	35,057	-	36,018	11,600	30,555
	54,452	1,942,554	605,722	265,014	1,171	18,226	31,837	-	2,918,976	2,790,538	1,560,737
Total revenues	2,144,164	2,700,086	997,013	1,403,691	288,948	18,226	367,994	93,535	8,013,657	7,602,740	7,036,840
Total operating fund expenses (Schedule 2)	2,539,736	2,153,299	781,666	1,218,779	202,144	205,030	633,121	160,897	7,894,670	7,602,740	6,682,511
Excess (deficiency) of revenues over expenses	$ (395,572)	$ 546,788	$ 215,347	$ 184,913	$ 86,804	$ (186,804)	$ (265,126)	$ (67,362)	$ 118,987	$ -	$ 354,329

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2011
Schedule 2

	2011										
	General	Skills Training		Basic Education		University	Services			2011 Budget (Note 11)	2010 Total
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	Total		
Agency contracts	$ -	$ 733,888	$ 640,243	$ 37,073	$ 13,458	$ 61,316	$ 6,018	$ 18,366	$ 1,510,362	$ 1,465,759	$ 1,327,214
Equipment	417,814	61,758	2,987	44,351	2,586	1,204	11,070	2,579	544,349	186,308	167,887
Facilities	182,857	46,713	1,495	1,455	11,824	185	704	554	245,788	358,896	267,586
Information technology	23,639	509	2,318	480	149	3,206	5,309	503	36,114	95,655	52,331
Operating (Schedule 3)	280,204	243,940	90,801	116,816	24,098	14,451	40,022	11,229	821,561	906,056	705,709
Personnel services	1,635,223	1,066,489	43,822	1,018,603	150,029	124,667	569,997	127,666	4,736,497	4,590,066	4,161,784
	$ 2,539,736	$ 2,153,299	$ 781,666	$ 1,218,779	$ 202,144	$ 205,030	$ 633,121	$ 160,897	$ 7,894,670	$ 7,602,740	$ 6,682,511
			$ 2,934,964		$ 1,420,922			$ 794,017			

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011
Schedule 3

	2011 Budget (Note 11)	2011 Total	2010 Total
Advertising	$ 134,679	$ 96,931	$ 115,754
Association fees and dues	31,175	34,970	16,397
Financial services	5,625	3,904	5,818
In-service	38,053	17,300	8,162
Insurance	12,175	17,234	13,714
Materials and supplies	263,956	237,242	217,025
Postage, freight and courier	18,900	18,173	15,374
Printing and copying	27,150	11,067	15,764
Professional services	38,132	51,065	18,439
Resale items	132,420	143,957	97,617
Subcriptions	2,200	1,148	5,625
Telephone and fax	73,266	61,847	59,156
Travel	100,126	113,386	101,827
Other	28,200	13,338	15,038
	$ 906,056	$ 821,561	$ 705,709

See accompanying notes